



CITY OF VANCOUVER

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ADMINISTRATIVE REPORT

Report Date: July 30, 2008
Author: Rob Whitlock
Phone No.: 7432
RTS No.: 07417
VanRIMS No.: 08-2000-20
Meeting Date: September 16, 2008

TO: Vancouver City Council

FROM: Managing Director of Social Development

SUBJECT: Lease Terms for City-owned Social Housing Site at 1237 Howe Street
(McLaren Housing Society)

RECOMMENDATION

- A. THAT Council approve the ground lease for 1237 Howe Street, legally described as Parcels 32 (Plan 210) and E (Plan 16394), Block 101, D.L. 541, to the McLaren Housing Society (MHS) for 60 years for a nominal rent, in accordance with the terms and conditions as set out in this report and to the satisfaction of the Managing Director of Social Development, the Director of Real Estate Services and the Director of Legal Services.

The lease to McLaren Housing Society represents a grant and requires 8 affirmative votes.

- B. THAT the Director of Legal Services be authorized to execute all necessary agreements, plans and other documents on behalf of the City and that no legal rights or obligations are hereby created and none shall arise hereafter except upon execution of all legal documents required to complete these transactions to the satisfaction of the Director of Legal Services.

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services recommends approval of the foregoing recommendations.

COUNCIL POLICY

It is Council policy to purchase privately-owned sites for non-market housing projects and lease them to non-profit societies or co-operative associations for 60 years. A 60 year lease is valued at 75% of freehold market value.

Council's priorities for social housing are to maintain and expand housing opportunities in Vancouver for low and modest income households with priority being given to families with children; seniors on fixed incomes or in need of support; SRO residents; and the mentally ill, physically disabled and others at risk of homelessness.

The Downtown South Plan approved by Council in 1991 requires that the SROs (residential hotels and rooming houses) providing accommodation for low-income singles be replaced as the neighbourhood redevelops.

Council approved a Memorandum of Understanding between the City and BC Housing on December 19, 2007, regarding the City/Province Social and Supportive Housing Partnership. Twelve (12) sites are included in this partnership, including the site at 1237 Howe Street. Included in Council's approval is a specific recommendation that the City provide the sites at no cost, and to relieve all 12 sites of the obligation to pay property taxes for the duration of their leases.

Grants require the approval of 8 members of Council.

PURPOSE

The purpose of this report is to obtain Council approval of the terms of the ground lease of the City-owned site at 1237 Howe Street to the McLaren Housing Society (MHS).

BACKGROUND

Council approved acquisition of this site for social housing in 2006. The present assessed value of the site is \$7,870,000 (2008).

This project is proceeding under the City/Province Social and Supportive Housing Partnership, approved by Council in December 2007. The MOU outlined the following possible use of the site, as follows:

It is proposed that the site be designed for 100 +/- studio units. A third to a half of the units would be occupied by persons referred and supported by a provider of services for persons with a mental illness and/or substance abuse problem. All units will be tenanted by core-need singles with a priority for those living in the shelters and SRO hotels in Downtown South.

The project was made possible because the City had purchased the land and was able to provide the site for a nominal rent.

MHS was announced as the housing sponsor for the site at 1237 Howe Street at the end of January 2008, following a request for submission of proposals by BC Housing. Respondents were evaluated by staff from BC Housing and the City's Housing Centre. MHS was founded in 1987 as a non-profit organization that provides safe, affordable housing to men, women and families who live with HIV/AIDS, are in financial need and yet are able to live independently.

This is a partnership with BC Housing, the City of Vancouver, and the MHS, who will oversee tenant selection and provide services for tenants as well as manage the building on a daily basis.

Site and Project Description: Development Application 412037 was considered by the Development Permit Board on June 30, 2008 and approved. The site has an area of 1 110.0 m² (11,948 ft.²) with a frontage of 30.485 m (100 feet) and a depth of 36.58 m (120 ft.). The site is presently occupied by a one storey building occupied by the Odyssey night club and a single family dwelling. The club has been given 6 months notice to vacate the site, in keeping with the terms of their lease with the City.

The following provides details of the project:

- 110 dwelling units;
- 12 storeys and 131 ft.;
- Total floor space of 5 546.5 m² (59,702 ft.²);
- One level of at-grade parking for 11 parking spaces, with access from the lane, and one small loading bay; and
- 59 bicycle spaces as a minimum.

It is expected that the building will be ready for occupancy in 18 to 24 months. The total capital cost of the project, including land, is \$36.5 million.

Appendix A shows the site.

DISCUSSION

Ground Lease to McLaren Housing Society: The site will be leased to MHS in accordance with the standard terms and conditions agreed to between the City and BC Housing for social housing:

1. Term of 60 years at a nominal rent;
2. Base on the freehold market value, the prepaid lease will be assessed at \$5.9 million which represents 75% of the assessed value of the land;
3. Lease to be signed within 180 days after Council approval, or such later date as may be approved by the City Manager;
4. Such further and other terms as are acceptable to the Managing Director of Social Development and the Director of Legal Services. No legal rights and obligations shall arise or be created until execution of the lease to the satisfaction of the Director of Legal Services.

A Memorandum of Understanding (MOU) was negotiated between the City and BC Housing and approved by Council on December 19, 2007. Pursuant to the MOU, McLaren Housing Society will not pay property taxes.

FINANCIAL IMPLICATIONS

Purchase of the site in 2006 was funded through Downtown South DCL funds allocated to replacement housing and the PEF. A 60 year prepaid lease is valued at \$5,902,500 which represents 75% of the freehold market value of the site and the foregone rent. The lease to McLaren Housing Society at a nominal rent represents a grant and does not involve further City funding.

CONCLUSION

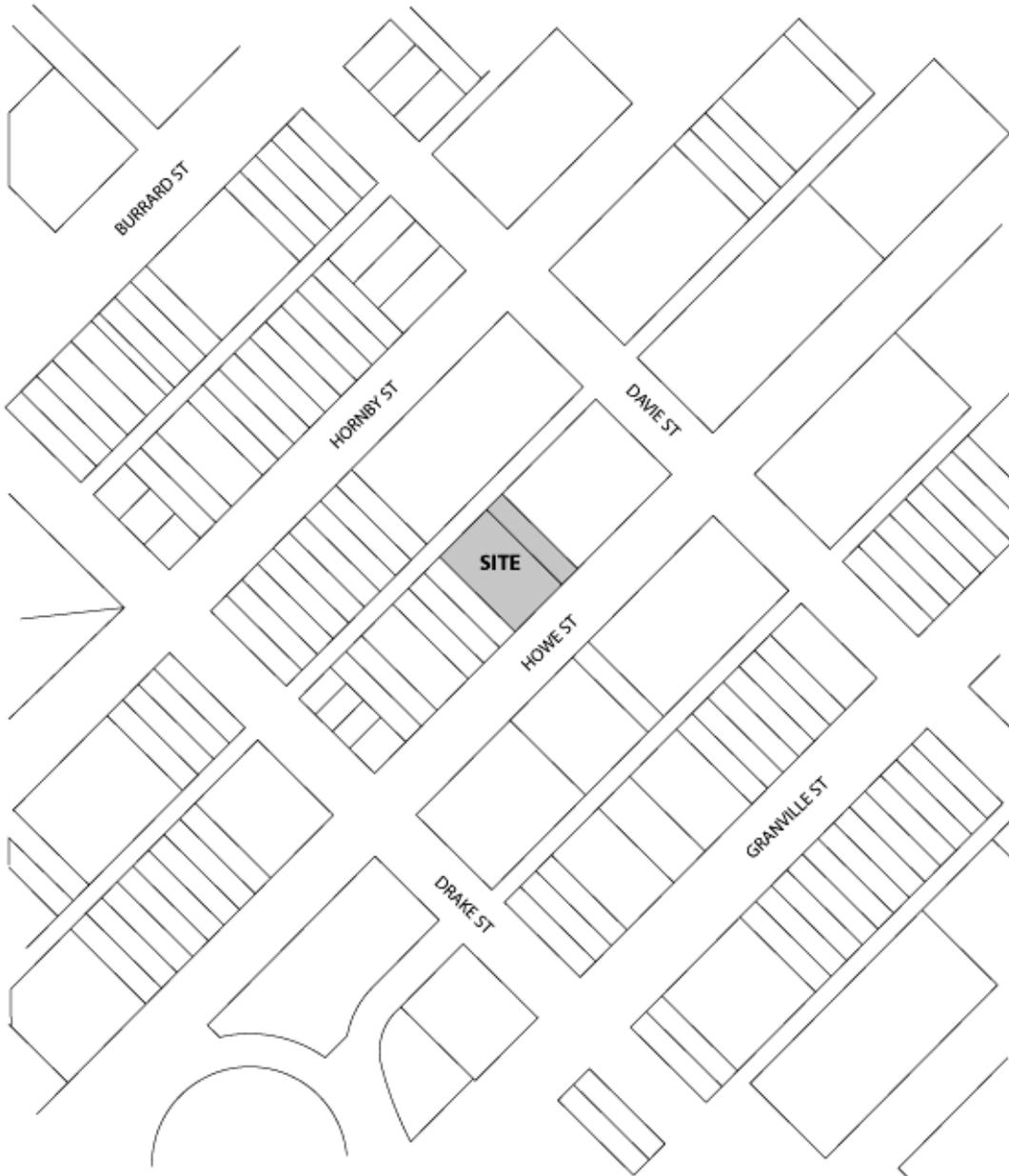
The project at 1237 Howe Street is a partnership between BC Housing, the City of Vancouver and MHS. It is a critical component in the replacement of existing SROs in the Downtown South, and it is consistent with the City's Homeless Action Plan.

The Managing Director of Social Development recommends that the lease terms outlined in the foregoing report be approved.

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APPENDIX A

Site Location Plan for 1237 Howe Street



City-owned site

Address: 1237 Howe St

Neighbourhood: Downtown

Site Area: 11,969 sq. ft.

Legal Description: LOTS 32 & E, BLK 101, PLAN 16394, DL 541

